

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

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E:JESSICA EINHORN

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O R 162331Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY MAPUTO IMMEDIATE
INFO AMEMBASSY KINGSTON
USMISSION USUN NEW YORK
USMISSION GENEVA

C O N F I D E N T I A L STATE 112272

EXDIS FOR AMBASSADOR YOUNG.

E.O. 11652: GDS

TAGS: CIEC, OECD, EGEN, ETRD, EFIN, EAID, ENRG

SUBJECT: JAMAICA'S ROLE IN CIEC.

REF: OECD PARIS 14135

1. JAMAICA IS EXPECTED TO PLAY A KEY ROLE AMONG THE GROUP OF 19 (G-19) DEVELOPING COUNTRIES AT THE UPCOMING PARIS CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC) WHICH MEETS AT THE MINISTERIAL LEVEL FROM MAY 30 TO JUNE 1. SECRETARY VANCE WILL ATTEND THE MINISTERIAL MEETING.

2. JAMAICA HAS BEEN ARGUING IN PARIS THAT THE ENERGY COMMISSION TAKE UP QUESTIONS RELATING TO THE INTERNATIONAL MONETARY FUND. (SEE REFTEL) JAMAICA HAS ASSERTED THAT THE WITTEVEEN FUND, A LARGE PROPOSED EXPANSION OF THE RESOURCES
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OF THE IMF, WOULD FAIL TO MEET FULLY IMMEDIA. FINANCING NEEDS OF "MOST DISADVANTAGED" LDC'S AND THAT CIEC SHOULD RECOMMEND MODIFICATIONS.

3. WE ARE NOT CERTAIN WHICH MODIFICATIONS THEY HAVE IN MIND, BUT WE SUSPECT THAT JAMAICA MAY WANT TO USE CIEC TO HELP THEM IN THEIR CURRENT DISCUSSIONS WITH THE IMF AND

THE UNITED STATES CONCERNING THEIR PARTICULARLY DIFFICULT
BALANCE OF PAYMENTS PROBLEM. THE JAMAICANS WOULD LIKE LESS
STRINGENT POLICY CONDITIONS THAN THE IMF RECOMMENDS AND

OD LIKE THE UNITED STATES TO COME UP WITH LARGE AMOUNTS
OF BILATERAL BALANCE OF PAYMENTS SUPPORT.

4. WE FEEL STRONGLY, HOWEVER, THAT CIEC IS NOT THE APPROP-
RIATE FORUM IN WHICH TO DISCUSS OR NEGOTIATE DETAILED
CHANGES IN THE "WITTEVEEN FUND" FACILITY AND DOUBT THAT
THERE IS ANY CHANCE OF DECISIONS MADE AT CIEC THAT WOULD
BE HELPFUL TO THE JAMAICANS WITH THEIR PARTICULAR PROBLEM.
RATHER WE BELIEVE MORE PROGRESS CAN BE MADE IN QUIET DIS-
CUSSIONS WITH THE IMF AND THE UNITED STATES GOVERNMENT.
IF THE JAMAICANS PUSH THE ISSUE HARD AT CIEC, THEY WOULD
INTRODUCE A VERY SOUR NOTE INTO THE CIEC DISCUSSIONS AND
FURTHER BILATERAL DISCUSSIONS WE MAY HAVE ON THEIR BALANCE
OF PAYMENTS PROBLEM WOULD BE GREATLY COMPLICATED.

5. SINCE JAMAICAN PM MICHAEL MANLEY IS ATTENDING THE
MAPUTO CONFERENCE AND IN VIEW OF YOUR LONG RELATIONSHIP
WITH HIM, IT WOULD BE HELPFUL IF YOU COULD HAVE A WORD
WITH HIM TO IMPRESS UPON HIM THE IMPORTANCE TO BOTH OUR
COUNTRIES OF HAVING CIEC END ON A HARMONIOUS NOTE AND OF
RESOLVING JAMAICA'S FINANCIAL PROBLEMS IN THE CONTEXT OF
THE IMF AND OUR BILATERAL DISCUSSIONS.

6. YOU MAY WANT TO DRAW ON THE FOLLOWING TALKING POINTS:
(A) -- THE PARIS CONFERENCE ON INTERNATIONAL ECONOMIC
COOPERATION IS AN IMPORTANT WATERSHED IN THE NORTH/SOUTH
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RELATIONS. CIEC SHOULD CONSOLIDATE PROGRESS MADE TO DATE
AND GIVE POLITICAL IMPETUS TO FURTHER CONCRETE MEASURES
FOR DEVELOPMENT COOPERATION IN RESOURCE TRANSFERS, ENERGY,
TRADE, AND COMMODITIES.

(B) -- OF PARTICULAR INTEREST TO JAMAICA IS THE POTENTIAL
OF CIEC TO GIVE IMPETUS TO: INCREASED FINANCING OF ENERGY
PROJECTS IN OIL-IMPORTING DEVELOPING COUNTRIES (THROUGH
THE WORLD BANK AND THE REGIONAL DEVELOPMENT BANKS);
TECHNICAL COOPERATION WITH DEVELOPING COUNTRIES IN THE
ENERGY FIELD THROUGH OUR PROPOSED INTERNATIONAL ENERGY
INSTITUTE; SOME FORM OF CONTINUED ENERGY DIALOGUE TO HELP
ENSURE THAT OPEC NATIONS ARE HELD ACCOUNTABLE FOR THE
EFFECTS OF THEIR PRICING DECISIONS ON DEVELOPMENT PROSPECTS
OF POOR COUNTRIES; PRICE STABILIZING COMMODITY AGREEMENT;
(E.G. IN SUGAR) AND A COMMON FUND;
- FURTHER EXPANSION OF THE CAPITAL
BASE AND LENDING CAPABILITIES OF THE WORLD BANK; AND A
SYMPATHETIC CASE BY CASE ANALYSIS OF DEBT PROBLEMS OF

DEVELOPING COUNTRIES VIEWED IN THE CONTEXT OF THEIR OVER-ALL BALANCE OF PAYMENTS AND DEVELOPMENT NEEDS.

(C) -- WE UNDERSTAND THAT THE JAMAICAN DELEGATION IN PARIS HAS BEEN PRESSING TO HAVE CIEC CONSIDER HIGHLY TECHNICAL IMF ISSUES, PARTICULARLY MODIFICATIONS IN THE PROPOSED WITTEVEEN FUND FACILITY TO EXPAND THE LENDING CAPABILITIES OF THE IMF.

(D) -- WE UNDERSTAND JAMAICA'S CONCERNS ABOUT THE IMF FACILITY BUT WE DO NOT THINK CIEC IS THE BEST PLACE TO PRESS THIS ISSUE. IT IS LIKELY TO BE COUNTERPRODUCTIVE AND UNDERMINE PROGRESS IN OTHER AREAS AT CIEC. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RELATIONS WITH INTERNATIONAL ORGS, BRIEFING MATERIALS, BALANCE OF PAYMENTS POLICIES
Control Number: n/a
Copy: SINGLE
Sent Date: 16-May-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE112272
Document Source: CORE
Document Unique ID: 00
Drafter: CRFRANK,JR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770174-0017
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770551/aaaabsim.tel
Line Count: 129
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c944be92-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 OECD PARIS 14135
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2500012
Secure: OPEN
Status: NATIVE
Subject: JAMAICA'S ROLE IN CIEC.
TAGS: EGEN, ETRD, EFIN, EAID, ENRG, JM, US, OECD, CIEC, IMF, (MANLEY, MICHAEL N)
To: MAPUTO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c944be92-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009